

The Tax Cuts and Jobs Act: A Complete Breakdown of the Bill That Changed America

On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act (TCJA) into law, bringing significant changes to the American tax system. From corporate tax rates to individual deductions, this comprehensive tax reform bill has impacted every aspect of the economy and the average American's wallet. In this article, we will delve into the details of the TCJA, analyzing its key provisions and their effects on businesses and households.

Overview and Objectives of the Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act aims to simplify the tax code, spur economic growth, and increase the competitiveness of American businesses in the global market. Its main objectives are to reduce tax rates, eliminate certain deductions, and revamp the corporate tax structure. By doing so, the bill intends to create jobs, boost investments, and put more money into the pockets of American taxpayers.

Changes to the Corporate Tax System

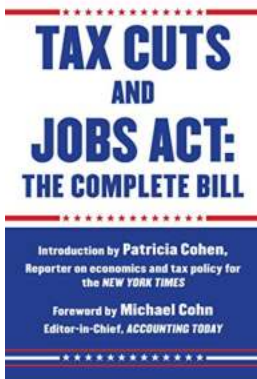
One of the most significant aspects of the TCJA is the dramatic reduction in the corporate tax rate, dropping from 35% to a flat 21%. This change is expected to encourage domestic investment and bring back offshore profits, stimulating economic growth and job creation. Additionally, the bill alters the international tax system by adopting a territorial tax system, in which corporations are only taxed on their earnings within the United States.

Tax Cuts and Jobs Act: The Complete Bill

by Rod Caldwell (Kindle Edition)

★★★★☆ 4.3 out of 5

Language : English



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Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
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In an effort to level the playing field for American manufacturers, the TCJA introduces a provision known as the Global Intangible Low Taxed Income (GILTI). This provision aims to discourage profit shifting by taxing the income of American companies flagged as artificially shifted to low-tax jurisdictions.

Effects on Small Businesses and Pass-through Entities

The TCJA provides significant benefits for small businesses and pass-through entities such as partnerships, LLCs, and S corporations. These entities can now deduct up to 20% of their qualified business income, subject to certain limitations. This deduction aims to unleash the entrepreneurial spirit, allowing small business owners to keep more of what they earn and reinvest in their businesses.

Changes to Individual Tax Rates and Deductions

The Tax Cuts and Jobs Act revised the individual tax brackets, resulting in lower tax rates for most Americans. The top individual tax rate decreased from 39.6% to 37%, leaving more money in the hands of high-income earners. However, it is essential to note that the new tax brackets come along with other changes, such as the elimination of certain deductions and exemptions.

Under the TCJA, the standard deduction nearly doubled, providing taxpayers with a simpler filing process. However, this decision means that many itemized deductions, such as those for property taxes and state income taxes, have been limited or eliminated. While the increase in the standard deduction benefits some taxpayers, others may find themselves worse off without the ability to claim itemized deductions.

Impact on Families and Child Tax Credit

The Tax Cuts and Jobs Act introduced changes to the Child Tax Credit, aiming to provide additional relief to families. The credit increased from \$1,000 to \$2,000 per qualifying child, and the income phase-out threshold increased significantly, allowing more families to benefit from the credit. This change gives families with children a considerable financial advantage, alleviating some of the financial burdens associated with raising a family.

Effects on Real Estate and Mortgage Deductions

One area significantly affected by the TCJA is the real estate sector. The bill limited the mortgage interest deduction to the first \$750,000 of the indebtedness, down from the previous limit of \$1 million. Additionally, the deduction for state and local taxes (SALT) became capped at \$10,000, impacting homeowners in high-tax states. These changes generated mixed reactions, with some arguing that they might negatively impact the real estate market while others believe they will have a minimal effect.

The Tax Cuts and Jobs Act: Analyzing the Results

Since its implementation, the Tax Cuts and Jobs Act has sparked debates among economists, policymakers, and taxpayers. Proponents argue that the bill has stimulated economic growth, leading to increased investments and job creation. They point to reduced corporate tax rates as the driving force behind these

positive outcomes. Critics, on the other hand, claim that the benefits of the TCJA have disproportionately favored high-income earners and corporations, widening the wealth gap.

As time goes on, the effects of the Tax Cuts and Jobs Act will become more apparent. Evaluating the bill's success will require monitoring economic indicators, tax revenue data, and the experiences of American taxpayers. It remains to be seen whether the TCJA will effectively achieve its intended goals, but one thing is certain: this comprehensive tax reform bill has had a profound impact on America's economy and tax system.

The Tax Cuts and Jobs Act marked a landmark change in the American tax system, implementing sweeping reforms to both corporate and individual taxes. By reducing tax rates, eliminating some deductions, and restructuring the corporate tax system, the bill intended to stimulate economic growth, job creation, and overall prosperity. However, the TCJA has not been without its critics, who argue that the benefits disproportionately favor the wealthy.

Only time will tell the true consequences of the Tax Cuts and Jobs Act. As taxpayers adjust to the new rules and regulations, it is essential to stay informed about the implications on personal finances and business strategies. With ongoing debates surrounding the TCJA, the long-term impacts will continue to shape the nation's economic landscape for years to come.

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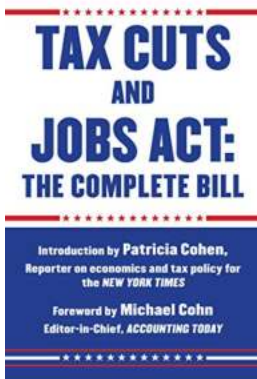
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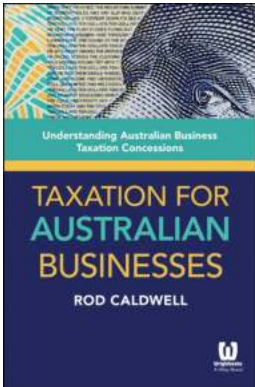
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At the end of 2017, Congress passed the biggest tax plan since 1986. Whether you were for or against the sweeping overhaul, the Tax Cuts and Jobs Act will begin to affect individuals and businesses as early as January 2018. Yet, until now, relatively few people have had access to it or read it.

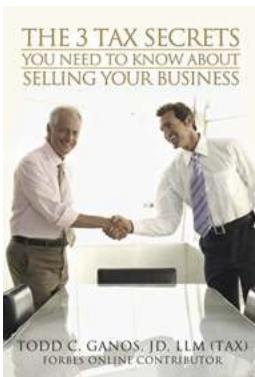
Whether you file on your own, use someone to prepare your taxes, or you are an accountant yourself, to really understand how the bill will affect you means you must dig in. And having this complete resource, including the full text of the bill, will help you navigate its complexities. From dramatic reductions in taxes for corporations and other businesses, to an increase to standard individual deductions, there are many changes that Americans need to understand before the IRS comes calling.

With insider analysis and insight from Patricia Cohen, who covers the national economy for the New York Times and whose front-page stories on this topic informed a nation, as well as specific tips from Michael Cohn, editor-in-chief of AccountingToday.com, this is an indispensable reference.



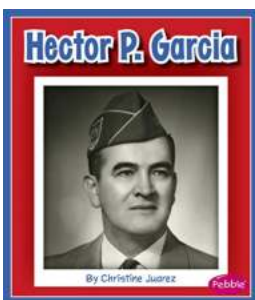
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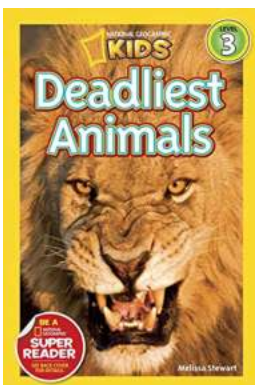
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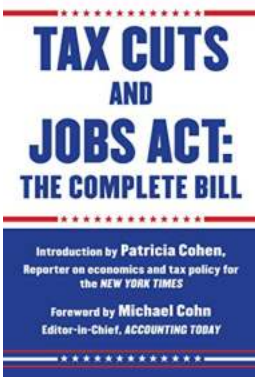
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